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## BEFORE THE ARIZONA CORPORATION

## COMMISSIONERS

Arizona Corporation Commission

DOCKETED

JUN 27 2013

BOB STUMP - Chairman  
GARY PIERCE  
BRENDA BURNS  
BOB BURNS  
SUSAN BITTER SMITH

DOCKETED BY

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IN THE MATTER OF THE APPLICATION OF  
TRICO ELECTRIC COOPERATIVE, INC., AN  
ARIZONA CORPORATION, FOR AUTHORITY  
TO BORROW THE ADDITIONAL SUM OF  
\$58,786,000 FROM THE UNITED STATES OF  
AMERICA (RDUP) AND THE ADDITIONAL  
SUM OF \$25,194,000 FROM NATIONAL RURAL  
UTILITIES COOPERATIVE, AND TO EVIDENCE  
SAID LOANS BY EXECUTION OF LOAN  
AGREEMENTS, PROMISSORY NOTES AND  
SECURITY DOCUMENTS REQUIRED BY THE  
LENDERS.

DOCKET NO. E-01461A-07-0433

DECISION NO. 73933

**ORDER AMENDING DECISION NO.**  
**70399 PURSUANT TO A.R.S. §40-252**

Open Meeting  
June 11 and 12, 2013  
Phoenix, Arizona.

## BY THE COMMISSION:

On July 3, 2008, the Arizona Corporation Commission ("Commission") issued Decision No. 70399, which granted Trico Electric Cooperative, Inc. ("Trico" or "Cooperative") authorization to borrow funds in an amount not to exceed \$20.8 million from the Rural Utilities Service ("RUS") for the purpose of funding its 2008 budget for capital improvements and additional funds in an amount not to exceed \$63.18 million from the RUS conditioned on Trico being able to demonstrate that the additional borrowing would result in a TIER and DSC of 1.25 or greater using Trico's most recent annual report unless the Commission granted an extension in advance. The Commission's Decision states that any authorization to incur debt granted in the proceeding shall terminate on December 31, 2013.

On May 22, 2013, Trico filed an Application under A.R.S. § 40-252 to Amend Decision No. 70399 ("Application"). In the Application, Trico asked for an extension of time to utilize the additional RUS funds, from December 31, 2013, to July 31, 2014, due to the "unforeseen downturn in

1 the local economy.” Trico stated that as a result of the downturn its construction needs slowed and  
 2 certain of the available RUS funds would not be fully utilized by the end of 2013.

3 \* \* \* \* \*

4 Having considered the entire record herein and being fully advised in the premises, the  
 5 Commission finds, concludes, and orders that:

### 6 FINDINGS OF FACT

7 1. On July 23, 2007, Trico, a non-profit member-owned cooperative, filed an application  
 8 with the Commission for authorization to borrow \$83.98 from the RUS.<sup>1</sup>

9 2. On July 3, 2008, the Commission issued Decision No. 70399, which granted Trico  
 10 authorization to borrow funds in an amount not to exceed \$20.8 million from the (“RUS”) for the  
 11 purpose of funding its 2008 budget for capital improvements and additional funds in an amount not to  
 12 exceed \$63.18 million from the RUS conditioned on Trico being able to demonstrate that the  
 13 additional borrowing would result in a TIER and DSC of 1.25 or greater using Trico’s most recent  
 14 annual report unless the Commission granted an extension in advance. The Commission’s Decision  
 15 states that any authorization to incur debt granted in the proceeding shall terminate on December 31,  
 16 2013.

17 3. On May 22, 2013, Trico filed an Application under A.R.S. § 40-252 to Amend  
 18 Decision No. 70399. In the Application, Trico asked for an extension of time to utilize the additional  
 19 RUS funds, from December 31, 2013, to July 31, 2014, due to the “unforeseen downturn in the local  
 20 economy.” Trico stated that as a result of the downturn its construction needs slowed and certain of  
 21 the available RUS funds would not be fully utilized by the end of 2013.

22 4. Trico states that it has a “continuing need” for all of the construction financing  
 23 authorized in Decision No. 70399.

24 5. Trico further states that its RUS loan agreement for \$83.98 million entered in July  
 25 2008 terminates on July 31, 2013, and after that date, both the RUS loan contract and presumably  
 26 Trico’s guarantee of the \$83.98 million construction loan will expire.

27  
 28 <sup>1</sup> Trico originally planned to borrow \$58,786,000 from the RUS and \$25,194,000 from the National Rural Utilities  
 Cooperative Finance Corporation (“CFC”), but subsequently decided to borrow all the funds from the RUS.

7. Trico has received tentative approval from the RUS to extend the loan until July 15, 2014, but must obtain the necessary regulatory approval by July 1, 2013, in order for the RUS extension to be effective.

8. On May 24, 2013, the Commission's Utilities Division ("Staff") filed a memorandum stating that Staff does not oppose the Cooperative's request and recommends that the Commission approve Trico's request for an extension of time until July 31, 2014, to enable Trico to utilize the additional loan funds.

11 CONCLUSIONS OF LAW

12           1.       Trico is a public service corporation within the meaning for Article XV of the Arizona  
13 Constitution and A.R.S. §§ 40-252, 40-310, 40-302, and 40-303.

14           2.       The Commission has jurisdiction over Trico and of the subject matter of the  
15 Application herein and an extension of time to draw on the additional loan funds should be granted  
16 until July 31, 2014.

3. The financing as approved and conditioned herein is for lawful purposes within Trico's corporate power, is compatible with the public interest, with sound financial practices, and with the proper performance by Trico of service as a public service corporation, and will not impair Trico's ability to perform the service.

21           4.       The extension of time for the financing approved previously in Decision No. 70399 is  
22 for the purposes stated in the Application, is reasonably necessary for those purposes and such  
23 purposes may not be reasonably chargeable to operating expenses or to income.

24 **ORDER**

25 IT IS THEREFORE ORDERED that Decision No. 70399 is hereby amended pursuant to  
26 A.R.S. §40-252 to allow Trico Electric Cooperative, Inc. an extension of time until July 31, 2014, to  
27 draw on the additional loan funds subject to the terms of Decision No. 70399.

28 IT IS FURTHER ORDERED that in all other respects Decision No. 70399 shall remain in full

1 force and effect.

2 IT IS FURTHER ORDERED that Trico Electric Cooperative, Inc. is authorized to execute  
3 any documents necessary to effectuate the authorizations granted herein.

4 IT IS FURTHER ORDERED that Trico Electric Cooperative, Inc. shall file with Docket  
5 Control, as a compliance item in this docket, copies of any additional executed financing documents  
6 related to this authority within 60 days after the date of execution.

7 IT IS FURTHER ORDERED that approval of the financing set forth hereinabove does not  
8 constitute or imply approval or disapproval by the Commission of any particular expenditure of the  
9 proceeds derived thereby for purposes of establishing just and reasonable rates.

10 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

11 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

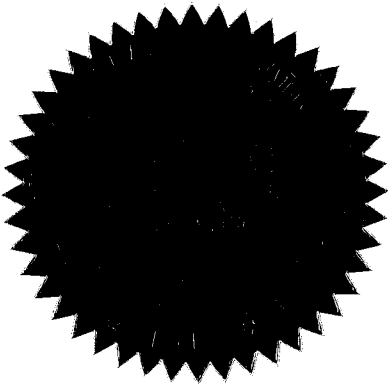
12  
13  
14 CHAIRMAN

COMMISSIONER

15  
16 COMMISSIONER

COMMISSIONER

COMMISSIONER



17  
18 IN WITNESS WHEREOF, I, JODI JERICH, Executive  
19 Director of the Arizona Corporation Commission, have  
20 hereunto set my hand and caused the official seal of the  
21 Commission to be affixed at the Capitol, in the City of Phoenix,  
22 this 27<sup>th</sup> day of June, 2013.

23 JODI JERICH  
24 EXECUTIVE DIRECTOR

25 DISSENT \_\_\_\_\_

26 DISSENT \_\_\_\_\_

1 SERVICE LIST FOR: TRICO ELECTRIC COOPERATIVE, INC.  
2 DOCKET NO.: E-01461A-07-0433  
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